

## Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-05 CIAE-00 COME-00  
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03  
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DRAFTED BY EB/OA:MHSTYLES:VLV  
APPROVED BY EB/OA:MHSTYLES  
EUR/NE - DGOODMAN  
-----105189 131001Z /14

R 122224Z SEP 78  
FM SECSTATE WASHDC  
TO AMCONSUL HAMILTON  
INFO AMEMBASSY LONDON

UNCLAS STATE 231109

E.O. 11652: N/A

TAGS: EAIR, UK, BD

SUBJECT: CIVAIR: PHILADELPHIA-BERMUDA AIRLINE ROUTE

REF: HAMILTON 411 AND 417

1. BRITISH EMBASSY DELIVERED FOLLOWING AIDE MEMOIRE ON  
SEPTEMBER 11:

QUOTE. HER MAJESTY'S GOVERNMENT REFERS TO THE CIVIL  
AERONAUTICS BOARD'S PHILADELPHIA-BERMUDA NON-STOP  
PROCEEDING (DOCKET 32786) AND WOULD BE GRATEFUL IF THE  
FOLLOWING VIEWS COULD BE TRANSMITTED TO THE CAB SO THAT THEY  
MAY BE CONSIDERED BEFORE A FINAL DECISION IS MADE.

IT IS HER MAJESTY'S GOVERNMENT'S UNDERSTANDING FROM  
THE CAB'S PRESS RELEASE DATED 25 AUGUST, THAT THE BOARD IS  
TO CONSIDER A DRAFT FINAL OPINION IN THIS PROCEEDING WHICH  
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WOULD GRANT NON-STOP AUTHORITY TO ALL FIVE APPLICANTS. HER  
MAJESTY'S GOVERNMENT WISHES TO EXPRESS ITS CONCERN AT THE  
NATURE OF THE DECISION ON THE FOLLOWING GROUNDS:

(I) THE PHILADELPHIA ROUTE IS CLEARLY UNABLE TO SUPPORT  
A REASONABLE LEVEL OF SERVICE BY FIVE AIRLINES. THE  
RESULTING UNCERTAINTY AS TO WHICH, AND HOW MANY, AIRLINES

WILL PARTICIPATE IN THE MARKET AND THE PROFITABILITY OF THEIR SERVICES COULD DETER AIRLINES FROM PROCEEDING WITH FIRM PLANS TO DEVELOP THE ROUTE AND THUS FAIL TO GUARANTEE THE PROVISION OF ADEQUATE SERVICE.

(II) EVEN IF THE AIRLINES DO PROCEED WITH THEIR PLANS, THE BOARD'S INSISTENCE ON MULTIPLE DESIGNATION IN THIS MARKET IS INAPPROPRIATE. THE TOURIST MARKET IN BERMUDA IS CONSTRAINED BY THE PHYSICAL LIMITATIONS ON HOTEL AND AIRPORT FACILITIES. THE MARKET WILL NOT, THEREFORE, BENEFIT BY THE ADDITION OF EXTRA SERVICES (AS MIGHT BE POSSIBLE ON A ROUTE WHERE SUCH CONSTRAINTS WERE NOT PRESENT). IF SEVERAL AIRLINES WERE TO BEGIN SERVICE, THIS WOULD LEAD TO THE PROVISION OF EXCESS CAPACITY. THE RESULTING WASTE OF RESOURCES WOULD NOT BENEFIT THE CONSUMER, AND THE UNDERLYING INSTABILITY OF THE SITUATION COULD LEAD TO FREQUENT CHANGES IN SERVICE. THERE COULD ALSO BE A DISRUPTIVE EFFECT ON SERVICES BETWEEN THE US AND BERMUDA THROUGH OTHER GATEWAYS.

(III) BECAUSE OF THIS, A DECISION TO MAKE NO SELECTION FROM THE APPLICANTS IN THIS PROCEEDING RUNS COUNTER TO THE INTERESTS OF THE BERMUDIAN GOVERNMENT, WHICH WELCOMES A REGULAR AND STABLE SCHEDULED AIR SERVICE LINK WITH PHILADELPHIA TO COMPLEMENT THE EXISTING SERVICES BETWEEN UNCLASSIFIED

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THE US AND BERMUDA. UNQUOTE.

2. DEPTOFF ASKED WHETHER THERE WAS ANYTHING MORE, I.E., IF UK DID NOT WANT FIVE AIRLINES, DID IT WANT 2, 3 OR 4. EMBOFF SAID HMG DID NOT HAVE ANY MORE SPECIFIC VIEWS AT THIS TIME. HE MADE NO MENTION OF POSSIBILITY UK REQUESTING CONSULTATIONS.

3. DEPT HAS TRANSMITTED UK NOTE TO CAB WHICH LIKELY MAKE FINAL DECISION VERY SHORTLY. DECISION IS THEN SUBMITTED TO PRESIDENT FOR APPROVAL. CHRISTOPHER

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## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TEXT, AIRLINES, AIR ROUTES, AIDE MEMOIRE  
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**Copy:** SINGLE  
**Draft Date:** 12 sep 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
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**Disposition Comment:**  
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**TAGS:** EAIR, UK, BD, US  
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**Review Markings:**  
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